



4910-06-P

DEPARTMENT OF TRANSPORTATION

Federal Railroad Administration

[Docket No. FRA-2012-0033]

Notice of Intent to Grant a Buy America Exemption to Amtrak to Purchase Certain Non-Domestic Track Maintenance Equipment

AGENCY: Federal Railroad Administration (FRA), United States Department of Transportation (DOT).

ACTION: Notice of intent to grant Amtrak Buy America exemption.

SUMMARY: FRA is issuing this notice to provide information to the public regarding its finding that it is appropriate to grant the National Railroad Passenger Corporation (Amtrak) an exemption from Amtrak's Buy America requirement for procurement of the following non-domestic track maintenance equipment as part of its state-of-good-repair (SOGR) program: one tunnel crane; one track laying machine; and eight two-man rail car movers.

DATES: Written comments on FRA's determination to grant a Buy America exemption to Amtrak should be provided to FRA on or before [INSERT DATE 7 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Please submit your comments to the U.S. Government electronic docket site at <http://www.regulations.gov>, in docket number: FRA-2012-0033.

Note: All submissions received, including any personal information therein, will be posted without change or alteration to <http://www.regulations.gov>. For more information, you may review DOT's complete Privacy Act Statement published in the *Federal Register* on April 11, 2000 (65 FR 19477).

FOR FURTHER INFORMATION CONTACT: Mr. John Johnson, Attorney-Advisor, FRA Office of the Chief Counsel, 1200 New Jersey Avenue, SE, Washington, DC 20590, (202) 493-0078, John.Johnson@dot.gov.

SUPPLEMENTARY INFORMATION: The purpose of this notice is to provide information to the public regarding FRA's finding that it is appropriate to grant Amtrak an exemption from Amtrak's Buy America requirement, pursuant to 49 U.S.C. 24305(f)(4)(A)(iii), to purchase the following non-domestic equipment as part of its SOGR program: Railbound Tunnel Crane; Track Laying Machine; and eight Two-Man Rail Car Movers with Heavy Duty Crane, Railgear, and Rail Car Couplers.

BACKGROUND

Amtrak is the Nation's Federally chartered intercity passenger rail operator and rail infrastructure provider. Among its infrastructure assets, Amtrak owns 1,169 track miles of infrastructure on the Northeast Corridor (NEC), which connects Washington, D.C.; Philadelphia, Pennsylvania; New York, New York; and up to the Massachusetts/Rhode Island border. Amtrak provides the infrastructure for approximately 820,000 trips daily. Amtrak is designing a program to achieve a SOGR across its infrastructure assets, meaning that its assets perform safely, as designed, within their estimated service lives. Amtrak Engineering has assessed the SOGR backlog at \$33.3 billion for infrastructure nationally.

Amtrak's infrastructure is divided into four categories: Track; Bridges and Buildings; Electric Traction; and Communications and Signals. The three components of track are rail, ties, and ballast. These components are integrated and if any are not in a SOGR, track geometry suffers, trains no longer travel at the desired speed, trip time is

extended, and ride quality suffers. Each of these consequences negatively impacts revenue, ridership, and customer experience. Amtrak has set an aggressive 10-year schedule to eliminate the SOGR backlog. The equipment that is the subject of Amtrak's exemption request (one (1) Railbound Tunnel Crane, one (1) Track Laying Machine, and eight (8) Two-Man Rail Car Movers with Heavy Duty Crane, Railgear, and Rail Car Couplers), will be used to repair and maintain Amtrak's Track Infrastructure Assets.

On October 9, 2019, Amtrak requested an exemption¹ from the National Railroad Passenger Corporation (Amtrak) domestic buying preference requirement (49 U.S.C. 24305(f)) to purchase certain track maintenance equipment for its state-of-good-repair (SOGR) program. Amtrak seeks to purchase: one tunnel crane, one track laying machine, and eight two-man rail car movers with heavy duty crane, railgear, and rail car couplers (Car Movers). In its request, Amtrak states that products meeting its specifications are not available from a U.S. source. On March 31, 2020, FRA provided public notice of Amtrak's exemption request and a 20-day opportunity for comment. FRA also emailed the notice to over 6,000 recipients that requested Buy America notices through "GovDelivery." For the reasons stated below, FRA grants a non-availability exemption to Amtrak.

BUY AMERICA REQUIREMENT

With certain exceptions, Amtrak's Buy America statute requires Amtrak to buy only "(A) unmanufactured articles, material, and supplies mined or produced in the United States; or (B) manufactured articles, material, and supplies manufactured in the

¹ Amtrak's exemption request is available at: <https://railroads.dot.gov/legislation-regulations/buy-america/amtrak-buy-america-maintenance-equipment-exemption-request>.

United States substantially from articles, material, and supplies mined, produced, or manufactured in the United States.” 49 U.S.C. 24305(f)(2). Amtrak’s requirements apply without regard to the source of funds; if it does not receive an exemption, it may not acquire goods that are not consistent with Section 24305(f)(2), even if it does not propose to use Federal funds. However, FRA may exempt Amtrak from this requirement when one of the exemptions of 49 U.S.C. 24305(f)(4)(A) or (B) have been met. Section 24305(f)(4)(A)(iii) permits an exemption when, “the articles, material, or supplies, or the articles, material, or supplies from which they are manufactured, are not mined, produced, or manufactured in the United States in sufficient and reasonably available commercial quantities and are not of a satisfactory quality.” This is typically referred to as a “non-availability exemption.”

In addition to the Buy America statute, FRA’s action is subject to Executive Order 13788, *Buy American and Hire American* (April 18, 2017). Consistent with Executive Order 13788, FRA evaluated Amtrak’s request to determine whether it had sought maximize the use of goods, products, and materials produced in the United States.

FINDINGS

In its letter to FRA, dated October 9, 2019, Amtrak described in detail the need for equipment that met the technical specifications for its SOGR program, the steps taken to identify domestically-sourced equipment, and the harm that would result in the absence of an exemption. FRA evaluated the information Amtrak provided and made the following findings.

A. Railbound Tunnel Crane

New York Penn Station (PSNY) handles over 1,300 train moves carrying 350,000 people on Amtrak, New Jersey Transit (NJ Transit), and Long Island Railroad (LIRR) trains every day. The track structure consists of 87 turnouts, including 34 slip switches, each equivalent to four conventional turnouts, totaling 219 turnouts. It is Amtrak's busiest station on the Northeast Corridor with 21 tracks fed by seven tunnels serving Amtrak, NJ Transit, and LIRR.

Currently, Amtrak is replacing turnouts in PSNY with a 1994-built crane which is well-tested under the extreme production requirements of PSNY. However, after 25 years, its reliability has decreased significantly, and it lacks the remaining components of the system upon which Amtrak is relying to replace one turnout per 55-hour track possession window.

In May 2019, Amtrak issued a Request for Proposal (RFP) for one Railbound Tunnel Crane. In accordance with Amtrak's procurement process, the RFP was posted to the Procurement Portal on Amtrak's website. In addition, Amtrak solicited four companies that participated in a request for information process for similar equipment in the past to participate in the acquisition event; proposals were received from three offerors. Amtrak evaluated the proposals on compliance with the technical specifications, previous relevant and successful experience in providing similar supplies, pricing, and delivery. The Railbound Tunnel Crane consists of interrelated units that function as one complete system. Amtrak's Technical Evaluation Committee evaluated the three proposals in accordance with the terms of the RFP and concluded that only one offeror met the requirements of the specification. The sole successful offeror's tunnel crane does not meet the Amtrak Buy America requirements.

Amtrak maintains that not having the Railbound Tunnel Crane would have an adverse effect on the Penn Station turnout replacement plan. Over the past 2 years, Amtrak has only been able to replace 20 of the 219 turnouts, requiring forty-two 55-hour track outages, which impacted service to Amtrak, NJ Transit, and LIRR. According to Amtrak, the current crane system takes two 55-hour track outages to replace a turnout; whereas, the proposed crane system would permit the replacement of a turnout during one 55-hour track outage. According to Amtrak, the inability to replace more than 10 turnouts per year will increase the SOGR backlog, and prevent PSNY from ever achieving a SOGR.

FRA's engineering team accepts Amtrak's assertions that none of the Buy America-compliant bidders offered products meeting Amtrak's specification, and that not having the tunnel crane would have an adverse effect on Penn Station's SOGR program.

B. Track Laying Machine

The new Track Laying Machine is required to address the NEC's concrete tie condition. The NEC has three million concrete ties which are projected to have a 40 to 50-year life; one million Santa Fe San Vel concrete ties were installed between 1978 and 1982 and are now on the verge of needing replacement.

Furthermore, during the 1990s, Amtrak installed 1.4 million Rocla concrete ties that began failing at an accelerated rate in 2004, requiring replacement well before the end of the projected useful life. Neither the San Vel replacement nor the Rocla replacement can be achieved with Amtrak's current equipment.

In August 2018, Amtrak issued an RFP for one Track Laying Machine. In accordance with Amtrak's procurement process, the RFP was posted to the Procurement

Portal on Amtrak's website. In addition, Amtrak solicited bids from three companies that were known to Amtrak and had previously supplied similar equipment to Amtrak.

Amtrak received proposals from two offerors, including the proposed awardee. The proposals were evaluated on compliance to the technical specifications, previous relevant and successful experience in providing similar supplies, pricing, and delivery. After an initial technical review of the unsuccessful offeror's proposal, Amtrak determined that it did not meet Amtrak's technical specification. Amtrak initiated discussions with the offeror to delineate deficiencies in the proposal and requested that the offeror submit a revised proposal that met the specification requirements.

Amtrak's Technical Evaluation Committee thoroughly evaluated the offeror's revised proposal and the proposed awardee's original proposal and determined that only the proposed awardee met the technical specification requirement. The sole successful offeror's Track Laying Machine does not meet the Amtrak Buy America requirements. The nine passenger railroads that rely on NEC infrastructure to provide rail service to the public all have a vested interest in ensuring the infrastructure can meet current and future service needs. If FRA denies Amtrak's request for an exemption, then Amtrak cannot acquire the Track Laying Machine. According to Amtrak, the new Track Laying machine will cut Amtrak's footprint of track outage in half. Further, Amtrak cannot achieve the annual steady state program for either the San Val or Rocla replacement cycle with its current equipment. As a result, Amtrak maintains that not having the Track Laying Machine will have adverse effects on Amtrak's ability to reduce the SOGR backlog, and ultimately, negatively impact service and the ability to grow ridership.

FRA's engineering team accepts Amtrak's assertions that none of the Buy America-compliant bidders offered products meeting Amtrak's specification, and that not having the Track Laying Machine would have an adverse effect on Amtrak's ability to meet its SOGR goals.

C. Two-Man Rail Car Mover with Heavy Duty Crane, Railgear, and Rail Car Couplers

Amtrak's market research concluded that one company was the sole manufacturer of the Car Movers, which are utilized extensively by freight railroads. To create competition, Amtrak prepared a bidders list that included the known manufacturer and twelve other truck manufacturers to ascertain if any of these manufacturers had entered the market for Car Movers.

In March 2018, Amtrak issued an RFP for twelve different styles of trucks that are required to maintain a SOGR, which included the Car Movers. To ensure that there would be competition, Amtrak solicited thirteen providers of a variety of trucks, which included the provider of the Car Movers, that were known to Amtrak and had previously supplied similar equipment to Amtrak to participate in the acquisition event.

Of the proposals Amtrak received, only two offerors provided a proposal for the Car Movers. After a thorough technical review of the proposals, the Technical Evaluation Committee determined that only the known manufacturer's offering met the technical specification requirement of a truck having 50,000 lbs of tractive effort capability. The sole successful offeror's Car Movers do not meet the Amtrak Buy America requirements. If FRA denies Amtrak's request for an exemption, then Amtrak cannot acquire the Car Movers. Amtrak maintains that not having the Car Movers will prevent Amtrak from achieving a SOGR.

FRA's engineering team accepts Amtrak's assertions that none of the Buy America-compliant bidders offered products meeting Amtrak's specification, and that not having the Car Movers would have an adverse effect on Amtrak's ability to meet its SOGR goals.

D. Summary of Information that Amtrak Provided to FRA on Efforts to Identify Compliant Products and Maximize Domestic Content.

As described above, although Amtrak did not identify compliant products, it provided information to FRA supporting its exemption request, including:

- Information describing the domestic content characteristics of the manufactured products needed, including the sources and assembly locations of the products offered by all bidders;
- Information supporting the technical necessity of these specific products for Amtrak's SOGR program, including details supporting Amtrak's determination that unsuccessful bidders' products did not satisfy technical specifications; and
- Information describing the effects of denying the request, including the relationship between these products, the SOGR backlog, and Amtrak's plan to eliminate that backlog.

On the basis of this information, FRA concludes that Amtrak's procurement was consistent with the policy in Executive Order 13788 to maximize "the use of goods, products, and materials produced in the United States." FRA further concludes that

denying the requested exemption would not increase the use of goods, products, and materials produced in the United States.

DETERMINATION UNDER 49 U.S.C. 24305

FRA has determined an exemption is appropriate under 49 U.S.C. 24305(f)(4)(A)(iii) for the track maintenance equipment because domestically produced equipment is not currently “manufactured in the United States in sufficient and reasonably available commercial quantities and are not of a satisfactory quality.” FRA bases this determination on the following:

- Amtrak competitively bid its requirements and found that there are no domestic solutions meeting Amtrak’s specifications;
- FRA’s engineering team concurs with Amtrak’s specifications, due to the unique operating environment on the NEC. FRA also concurs with Amtrak’s selection rationale and the effect on Amtrak’s SOGR if it cannot purchase this equipment; and
- On March 31, 2020, FRA provided public notice of Amtrak’s exemption request and a 20-day opportunity for comment. FRA also emailed the notice to over 6,000 recipients that requested Buy America notices through “GovDelivery.” FRA received 2 comments. However, the commenters did not provide any information about domestic sources for Amtrak’s specifications.

This exemption applies only to Amtrak’s acquisition of the equipment described. FRA is providing notice of this finding and an opportunity for public comment, after

which, this exemption will take effect. Questions about this Notice can be directed to, John Johnson, Attorney-Advisor, at John.Johnson@dot.gov or (202) 493-0078.

Issued in Washington, DC.

Quintin Kendall,

Deputy Administrator.